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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

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November 13, 1956

Mr. L. Randolph Higgs
Special Assistant for Operations
Office of the Under Secretary
Department of State
Washington 25, D. C.

Dear Randy:

Pursuant to our telephone conversation of this morning, I enclose copies of the briefings which I gave on 9 November 1956, at the White House meeting with the bi-partisan Congressional group.

The briefing of the Foreign Relations Committee on November 12, covered only the Near East situation and I used the same notes with one or two very minor changes but omitted Section X, namely, pages 13 and 14 of the White House briefing.

Sincerely yours,

Allen W. Dulles
Allen W. Dulles
Director

Encls.

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Status Report on the Near East given by the
Director at the White House to a bi-partisan Congressional group, 9 November 1956

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9 November 1956

THE NEAR EAST CRISIS

INTRODUCTION.

1. The Soviet Union--indeed Russia before there was a Soviet Union--has always looked hungrily toward the Middle East for warm-water ports. It's first objectives have been Istanbul and Iran.
 - A. In recent times, the oil-rich Middle East has become an even greater prize, not only for its own sake, but more importantly, because this is the Achilles' heel of oil-poor Western Europe.
2. The Russians threatened Turkey in 1945, and Iran in 1946. They stayed in northern Iran after World War II, until the UN got them out. Later they tried to exploit Mossadegh to subvert Iran.
3. More recently the Kremlin has turned its attention to the area torn by the bitterness of the Arab-Israeli strife.

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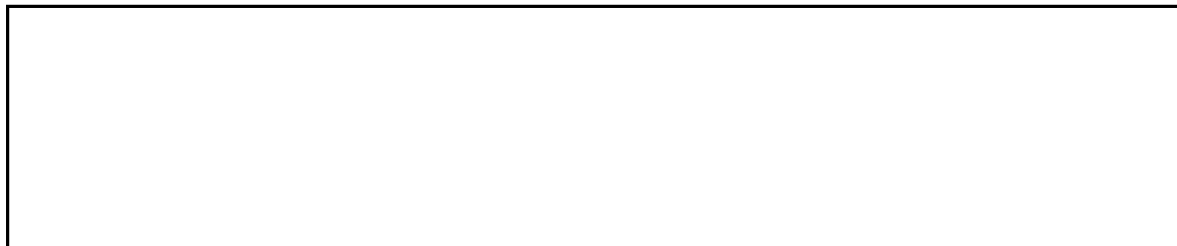
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I. The origin of the present crisis is the Soviet effort to move into Near East, launched officially by Moscow in April 1955, when diplomatic support and economic aid was publicly offered to any Near East country which had not aligned itself with Western defense arrangements.

The Soviet action was also aimed at carving out for itself a power position in the Near East.

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III. The Soviet arms deal with Egypt was finalized in September 1955. This was followed by similar deals on a smaller scale with Syria and Yemen. Soviet offers were also made to Saudi Arabia, Jordan, Lebanon, Sudan and Libya. During the past year--right up to the outbreak of hostilities--the USSR poured planes, tanks, guns and a host of other equipment into Egypt, to a value

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of about a quarter of a billion dollars. The first Soviet submarine for Egypt was en route from Poland when Israel launched its attack in Sinai.

A. This massive injection of Soviet armaments magnified the tensions which had already arisen during seven years of no-war, no-peace between Israel and the Arabs. It led Israel to seek to arm itself by any means available. It also led to a series of raids and retaliatory raids by both Arabs and Israelis, which raised temperatures still higher.

B. Nasr, by succumbing to Soviet temptations of big armaments, endangered the possibility of Egypt's economic development on the scale envisaged by the Aswan dam project. Egypt's resources are insufficient for both guns and butter on any such scale.

IV. When the Aswan dam project fell through--and even the Russians were reluctant to undertake it--Nasr needed a "victory" to compensate; he chose to seize the Suez Canal Company on 26 July.

V. The essential features of the negotiations over the Suez Canal situation are now a matter of public

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record. [REDACTED]

[REDACTED]

A. The absorption of Soviet arms into the Egyptian military establishment, taken together with the military alliance of Egypt, Jordan and Syria which in effect placed the forces of these three countries under Egyptian command, the elections in Jordan, and the pro-Soviet orientation in Syria, all made Israel feel it was only a question of time before Israeli existence would be seriously threatened.

B. [REDACTED] [REDACTED]
a peaceful negotiated settlement of the Suez Canal issue was still possible. It seemed the only way to peace.

VI. Other powers apparently thought differently. Britain began its final military build-up in early October.

By mid-October, [REDACTED]

[REDACTED] large shipments of French planes, over and above those publicly advertised, were being sent to

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Israel from France. Additional British and French troops were dispatched to Cyprus to add to the British-French forces which had been built up there since the time of Nasr's seizure of the Canal and, later on, the air capabilities of both France and England on Cyprus were augmented. There were other signs of military preparation by the three powers.

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The situation

became so critical that certain diplomatic steps were taken by the United States to stop what appeared to be imminent war, before Israel moved into the Sinai peninsula on 29 October.

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VII. The Current Situation.

Britain, France, Israel and Egypt have agreed to a cease-fire, and preparations for forming and moving in a UN police force are going forward. The USSR, on the other hand, is encouraging Egyptian intransigence, building up a belief among Egyptian leaders that if the Arabs can hold on for a very short time, Soviet arms and "volunteers" will appear to help them. Meanwhile, Soviet diplomacy threatens the West.

A. While in formal conversations and in public statements, the USSR generally couples its threats of action with offers of action with the United States or the UN. The language of Soviet statements has been loose enough to leave open the alternative of unilateral action on its part.

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[REDACTED]

C. Top Soviet Union leaders have given direct assurances that they are prepared to supply help, even now with the cease fire in effect. They have indicated that while the present situation is a diplomatic battle, they are prepared to "stand beside" Egypt in waging a war against Britain and France. [REDACTED]

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[REDACTED] Soviet prestige is already at stake and that they will therefore come through in full support.

D. President Quwatly of Syria has just returned from a Moscow visit. He reportedly was given promises of more military and economic aid.

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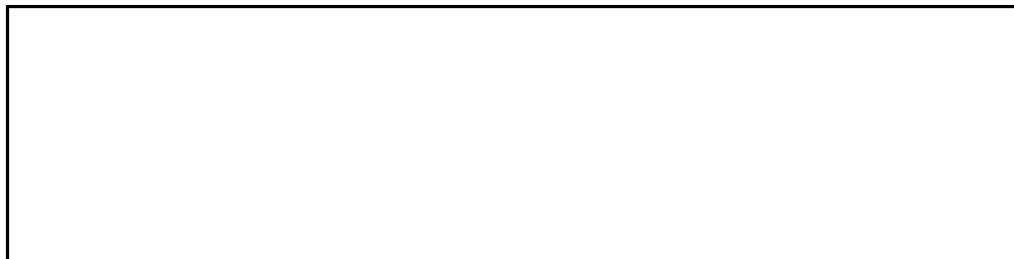
[REDACTED]
[REDACTED] the USSR plans to use the large Communist element in Syria to establish a leftist government which might make bases and other facilities available to Moscow.

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E. Throughout Syria, Lebanon and Jordan there are today circulated a variety of rumors that the Soviet Union is about to intervene militarily.



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F. Communist China announced on 7 November: "The Chinese government and people cannot stand idly by while Egypt's sovereignty and territory is subject to any form of encroachment.....we are willing to adopt all effective measures within our ability, including material aid, to support Egypt's struggle." According to Communist propaganda 2,000,000 telegrams of support were received by the Egyptian Embassy in Peiping, and 250,000 Chinese wrote the embassy they were ready to volunteer.

VIII. Communist statements to Egypt and threats to the West have led Egypt to become somewhat less amenable, though not to the point of refusing a cease fire.

A. At one time, after the complete defeat in Sinai, the Egyptians indicated they would be willing to settle on any terms which did not involve a direct, abject surrender.

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- B. Now, however, they see some hope in Moscow's somewhat nebulous promises.
- C. Nasr and Arabs generally are suspicious that any cease-fire will freeze the situation to their disadvantage, as happened in 1949. The Soviet Union loses no opportunity to play on this fear.
- D. Of course, contributory factors to Nasr's reluctance to give in are:
 - 1. While the Egyptian military position is poor, Egypt has a capability for a guerilla-type campaign. House-to-house fighting in populated areas such as Cairo to Alexandria would appear to be Nasr's tactics. These were applied in Port Said. His ground forces number about 90,000 and over half of his armor is still available. The Egyptian air force is inoperative, but some planes, including a few MIG-15's and 18 to 20 IL-28's, and have been sent to safety in Saudi Arabia and Syria. The navy is inactive and impotent.
 - 2. Politically, there is no organized opposition to Nasr. As yet no one aspires to take his place.

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3. Internal security in Egypt is still fair, although prior to the cease fire it was reported weakening in the face of continued air attacks.

A. Resumption of the Anglo-French attack could lead to serious rioting, despite the regime's apparent determination to maintain order.

4. While the current temper in Cairo is one of relief that the French and British halted, this does not amount to a complete refusal to resume the fighting. For one thing, sound trucks have notified the people that Soviet aid is coming. In addition, at Port Said [REDACTED]

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[REDACTED] Egyptian troops did stand up to gunfire. The Arab press in Beirut is now calling Port Said a "Stalingrad."

IX. Reactions in other Arab States.

A. Despite public support of Nasr and occasional mob enthusiasm, there is little stomach on the part of other Arab governments to fight Israel.

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B. However, Syria and Jordan are committed to co-operate with Egyptian-sponsored terrorist activities against Israel from their territory. During the past several days, as fighting ended in Egypt, terrorist activity launched from Jordan and Syria increased sharply. [REDACTED]

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[REDACTED] several hundred Arab terrorists and saboteurs were unleashed against Israel in last two days. This is a serious provocation to Israel, which may strike back sharply at any time.

C. Iraq, which had several thousand troops in east Jordan, now is withdrawing them, and possibly only 500 now remain. Iraq, under its pro-British prime minister, Nuri Said, is not interested in the Israeli war. Popular sentiment against Nuri is rising in Iraq, however, and he may become "ill" and retire, at least for the time being, leaving the country to more nationalistic elements. At present strong anti-British sentiment in Iraq has resulted in a desire to reconsider the Baghdad pact structure in order to exclude the British and obtain United States' membership.

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D.



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All three of the Iraq Petroleum Company lines through Syria have been cut, apparently by direct action of Syrian army units ordered out by the pro-Egyptian head of Syrian Army Intelligence, Colonel Sarraj, who also heads Syria's rather effective sabotage organization.

E. In the rest of Africa and Asia, from Japan to Casablanca, the reaction to the British-French-Israeli attack on Egypt has been one of virtually unanimous revulsion. Earlier doubts as to Nasr's ambitions, and outrage over the tragic events in Hungary, have been drowned out by a wave of revived age-old hatred of Western imperialism and colonialism. Whatever the outcome, the influence of Britain and France throughout the area will be at a low ebb for a long time to come.

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X. Possible Future Soviet Moves in the Middle East.

A. The USSR is quite ready to help break down the cease-fire in the Suez area and turn to further trouble-making in the area, short of general war.

1. There is good evidence that Moscow is ready to send in volunteers, aircraft and military equipment. The USSR is also ready to make a show of force with naval units from the Black Sea.

2. Moscow is already giving strong covert support to extremist elements in Syria and Jordan. It could expand this to promoting and supporting a leftist coup in Syria in order to gain a base there. There are ominous reports, as yet unconfirmed, of air base expansions and foreign aircraft in Syria. Moscow could also give strong support to leftist elements in Iraq, and push that country out of its present alignment with the West.

B. In summary, the precipitous military action by Britain, France and Israel have provided the Soviet Union with new opportunities which it

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has begun to exploit. The expansion of its position in the Near East depends to a considerable extent on its ability to carry out the implicit promises of strong support it is now making in the area. The Soviet Union's position in the immediate future is also heavily dependent on whether Nasr decides to co-operate with the UN and the West in developing a peaceful settlement of the Suez issue, or gambles on strong Soviet support in an effort to force a more advantageous settlement.

- C. Distance from the scene, and the attendant logistical problems, however, will make it difficult for the Soviet Union to carry out its high-sounding promises to intervene promptly and effectively in Middle Eastern hostilities.

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